

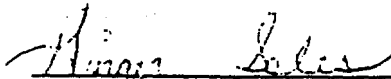
STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
to consider Ameritech Michigan's compliance)
with the competitive checklist in 271 of Section)
the Telecommunications Act of 1996.)
_____)

Case No. U-11104

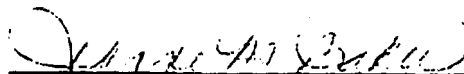
STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Ginger Soles, being first duly sworn, deposes and says that on the 9th day of January, 1997, she caused to be served upon the persons listed in the attached Service List, copies of Response of MCI Telecommunications Corporation to Submission of Information of Ameritech Michigan in the above-referenced matter, by placing said copies in envelopes addressed to each person listed on the Service List and, with postage fully prepaid thereon, deposited said envelopes in a United States mail receptacle.



Ginger Soles

Subscribed and sworn to before me this 9th day of January, 1997.



Jeanne M. Baker, Notary Public
Ingham County, Michigan
My commission expires: 6/19/01

SERVICE LIST

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Kennedy

March 28, 1997

Honorable John C. Crary
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223

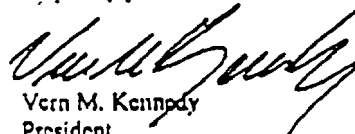
Re: Case No. 97-C-0271, Petition of New York Telephone Company for Approval of its
Statement of Generally Available Terms, and Draft Filing of Petition for InterLATA
Authority

Dear Mr. Crary:

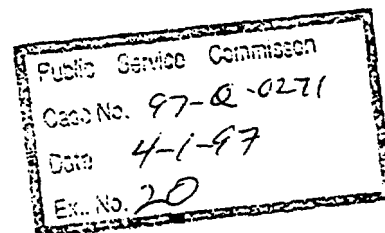
Pursuant to Judge Stein's letter dated March 27, 1997, in the above-referenced proceeding,
Coaxicom, d/b/a Community Telephone, encloses for filing an original and 25 copies of the statement of
Vern M. Kennedy.

Thank you for your assistance in this matter.

Very truly yours,


Vern M. Kennedy
President
Community Telephone

cc: All parties of record
in Case No. 97-C-0271



15 Penn Plaza, Suite 42-0F2, New York, New York 10001 / 212-563-1376 / 800-260-8766 / Fax: 212-563-9145

A COAXICOM COMPANY

STATEMENT OF VERN M. KENNEDY

Q. Please state your name, business address, and current position.

A. My name is Vern M. Kennedy. My business address is 15 Penn Plaza, Suite 20-OF2, New York, NY 10001. I am president and chief executive officer of Coaxicom, d/b/a Community Telephone.

Q. What is the nature of Community Telephone's business?

A. Community Telephone is a reseller of local exchange service and interexchange service in New York State.

Q. Please describe the scope of Community Telephone's local exchange service.

A. Community Telephone offers and provides local exchange service on a Statewide basis, with a geographic focus on LATA 132 and a market focus on small businesses and residential customers.

Q. When did Community Telephone's local exchange operations begin?

A. Community Telephone began offering local exchange service on October 8, 1996.

Q. Please describe your educational background.

A. I received a Bachelor of Science degree in Electrical Engineering - Computer Science from Princeton University, and a Master of Business Administration degree from New York University.

Q. Please describe your work experience.

A. From 1988 to 1989, I worked as a project manager at Nabisco Brands. From 1989 to 1996, I held various positions at NYNEX. I left NYNEX in early 1996 to become president of Community Telephone.

Q. What positions and responsibilities did you hold while you were employed at NYNEX?

A. My first position at NYNEX was that of area operations manager for installation and repair in Long Island. I then became area operations manager for installation and repair -- dispatch. My next position was that of director of business planning for Long Island. Finally, for about the last year of my employment at NYNEX, I was Director of Operations - Business Customer Service Center. In that position, I supervised personnel who worked in OSS, including scheduling installation and repair service and issuing orders.

Q. During the course of your employment at NYNEX, did you become generally familiar with NYNEX's operations support systems?

A. Yes, I did. In fact, I knew how to operate NYNEX's OSS myself.

Q. During that time, did you also become generally familiar with the way in which New York Telephone uses its operations support systems in its own retail operations?

A. Yes, I did.

Q. What is the purpose of your statement?

A. The purpose of my statement is to describe the problems that Community Telephone has experienced with NYNEX in connection with the operations support systems ("OSS") of New York Telephone ("NYT"). I will show that Community Telephone's access to OSS is not at parity with the access experienced by NYT's personnel in its retail operations. I will also show that this inferior access to OSS precludes Community Telephone from providing the same quality and level of service to its customers that NYT provides to its own retail customers. As a result, Community Telephone's ability to compete in the local exchange market and to provide service to its customers has been impaired.

I. COMMUNITY TELEPHONE'S INITIAL DEALINGS WITH NEW YORK TELEPHONE

Q. Did Community Telephone consider it important to interface with NYNEX's OSS?

A. Yes. In fact, the ability to interact successfully with NYT's OSS is critical to the success of any reseller. Without the ability to access the information in the OSS, a reseller will be unable to place orders and serve customers.

However, the mere ability to interact with NYT's OSS is not sufficient to enable a reseller to be an effective competitor in the provision of local services. A reseller must also be able to obtain the information in the OSS with no less timeliness, accuracy, and reliability or ease of access than that experienced by NYT's personnel. For example, if a customer calling Community Telephone to

inquire about obtaining service cannot get timely answers to his/her questions because Community Telephone has difficulty in obtaining the necessary information in a timely manner from NYT's OSS, the customer is likely to regard Community Telephone's service as inferior -- and may decide not to take service from Community Telephone.

Q. Prior to commencing its resale operations in October 1996, did Community Telephone discuss OSS with NYNEX?

A. Yes. Community Telephone initially contacted NYNEX about the resale of local exchange service in June 1996. The two sides held a number of meetings during the summer and fall. In the course of these meetings, NYNEX gave Community Telephone a set of specifications on how to interface with NYT's OSS.

Q. What operational interfaces did NYNEX offer Community Telephone?

A. In June 1996, NYNEX offered two interfaces: Electronic Interface Format ("EIF") and Web Graphical User Interface ("Web/GUI"). NYNEX did not offer Electronic Data Interchange ("EDI").

Q. Which interface did Community Telephone decide to utilize?

A. Community Telephone chose to utilize the EIF method.

Q. Why did Community Telephone choose the EIF Method?

A. Community Telephone did not wish to use the Web/GUI interface method, because users of that method must manually enter the same data into both their own system and NYT's system. This duplicate entry of data not only increases the

work time of Community Telephone's customer service representatives, but also enhances the possibility of errors in preparing the service order.

By contrast, EIF -- the only other method offered by NYT -- does not require duplicate entry of data. EIF was also more attractive to us because EIF (unlike Web/GUI) is an application-to-application interface, and Community Telephone already had its applications in place.

- Q. Did NYNEX provide adequate OSS support to Community Telephone after Community Telephone began offering local exchange service on October 8, 1997?
- A. During the first few weeks after Community Telephone began offering local service, Community Telephone was submitting only about six orders per day for processing by NYNEX. Once orders increased beyond that level, we began to experience substantial problems.
- Q. What problems has Community Telephone experienced with NYT's OSS?
- A. NYT has failed, in several areas, to provide Community Telephone with access to its operations support systems that is at parity, in terms of accuracy, reliability, and timeliness, with the access that NYT provides to itself. These areas are: (1) response times; (2) maintenance of the EIF platform; (3) feature functionality; and (4) ability to differentiate between retail customers and customers of resellers. The deficiencies in NYT's OSS include the following:

- NYT's average response time to Community Telephone for pre-ordering, ordering, and repair transactions is 1 minute, 40 seconds. By contrast, based on my experience with NYNEX, the average response time in NYT's retail operations is but a few seconds.
- Service order handling of Community Telephone orders by NYT takes from 2 to 24 hours, with the result that Community Telephone customers have their service installed or repaired at a later date than retail customers of NYT who order the same service at the same time.
- NYT has made changes to EIF specifications without notifying Community Telephone, rendering Community Telephone unable to transmit orders or messages to NYT for days.
- Certain transactions on NYT's system frequently are not operational and accessible during the hours when they are supposed to be, making it impossible for Community Telephone to initiate certain pre-ordering or repair transactions or to submit an order.
- NYT's system does not give Community Telephone the ability to view service orders as processed by NYT to check for errors. As result, Community Telephone customers have received services they did not want, or did not receive services that they requested.
- NYT's system rejects any transaction lacking a billing telephone number ("BTN"). Because determining a

customer's BTN is often difficult for Community Telephone (which does not give access to the NYT database from which NYT itself can retrieve BTNs), NYT's policy results in delays in the processing of orders, and in the installation of service, for Community Telephone's customers.

- NYT's system does not give Community Telephone access to information regarding the status of installation orders, leaving Community Telephone unable to provide such information when a customer calls, complaining that its service has not been installed as scheduled.
- NYT's system does not enable Community telephone to submit a modified service order immediately after the customer advises Community Telephone to request a change in its original order. Instead, under NYT's system significant manual intervention is required, and anywhere from 2 to 24 hours will pass before the change is made -- in contrast to NYT's retail operations, which can immediately enter the modifications into the system.
- NYT's system is unable to distinguish between resellers' customers and its own retail customers. As a result, Community Telephone customers receive mass mailings addressed to "Dear NYNEX customer" for months after they have switched carriers, or receive follow-up calls from NYT that refer to the "NYT service" or "NYNEX service" that they received. Some Community

Telephone customers have even had their service suspended by NYT, without prior notice to the customer or to Community Telephone.

These deficiencies -- which NYT does not experience in its own retail operations -- have impaired Community Telephone's ability to provide local exchange service that is at least equivalent in timeliness, accuracy, and reliability to that offered by NYT to retail customers. Even leaving these defects aside, the overall performance of the NYT system has been commercially unreasonable and unacceptable.

Q. At what level of orders did Community Telephone begin experiencing these problems?

A. Although each problem began to occur at different order volumes, Community Telephone has experienced all of these problems since the volume of service orders that it has submitted to NYNEX reached the level of about 500 per month.

II. RESPONSE TIMES

Q. Do NYT's operations support systems provide responses to Community Telephone in a timely manner?

A. No. NYT's OSS fail to provide timely responses, whether for pre-ordering, ordering, or repair transactions, or in connection with service order handling by NYT. The long response time -- which is more than 15 times the response time that NYT experiences in its retail operations -- deny Community Telephone parity of access to OSS. The disparity in response times impairs Community Telephone's ability to

compete in the local exchange market and to serve its customers effectively.

Q. How do you define response time in the context of pre-ordering, ordering and repair transactions?

A. In the context of these transactions, the response time is the length of time from the time Community Telephone's message enters NYT's DCAS gateway until the gateway transmits the response back to Community Telephone's system. This calculation, of course, does not include the time required for Community Telephone's system to pre-process, post-process, or transmit the message.

Q. Have you calculated the average time of a NYT response for pre-ordering, ordering and repair transactions?

A. Yes. I determined that the average time for a NYT response is 1 minute and 40 seconds (exclusive of pre-processing, post-processing, or transmission of the message by Community Telephone). This response time is commercially unreasonable by any standard.

Q. Do NYT's retail customers experience response times of this length?

A. No. The average response time of NYT's systems to a data request for any of these transactions by a NYT representative is only 6 seconds.

Q. Is the 1 minute, 40 second response time experienced by Community Telephone limited to one type of transaction?

A. No. The 1 minute, 40 second response time that I calculated occurs in the case of submitting repair trouble tickets,

performing address verifications, retrieving customer service records, determining due date availability, determining feature availability, and assigning telephone numbers. It occurs virtually every time a customer contacts us, and every time we attempt to retrieve information from the OSS.

Q. Does NYT agree with your calculation of its response time?

A. Yes. I discussed this matter with Paul McGurn and Artie Zanzini of NYT, who agreed that NYT's response time on its OSS is between 1 and 2 minutes for all wholesale customers, both on the EIF interface and on the Web/GUI interface.

Q. You stated that the average response time of 1 minute and 40 seconds is so long that it affects Community Telephone's ability to compete and its ability to serve its customers effectively. Can you give examples of this?

A. A reseller obviously does not have parity of access and the ability to provide service equal to NYT's when the reseller must wait nearly 2 minutes to provide a customer with information that the customer can obtain from NYT in 6 seconds. Due date availability (for installation and repair) and feature availability are but two of the areas where the long mechanized response times of NYT have adversely affected Community Telephone's competitive ability and its credibility with customers.

For example, a customer requesting new or repair service usually is required to make the call from a telephone other than his own; often the call is made from a

pay phone. It is important that during the call the customer's carrier be able to tell the customer when a technician will come to install or repair the service. However, information regarding available due dates must be obtained from NYT.

As a result of NYT's long response time, Community Telephone cannot give a prompt response when a customer needs information on an expected installation or repair date. To provide the information, Community Telephone must either ask the customer to wait on the line (which will mean a wait of almost two minutes before the NYT responsible with the information) or offer to call the customer back in a few minutes (which may be difficult if the customer is calling from a pay phone). Typically, to minimize inconvenience to the customer, Community Telephone provides an estimate of the scheduled due date based on past experience; however, there is no guarantee that the estimate will prove to be correct. Regardless of which approach we use, customers have expressed dissatisfaction with Community Telephone's inability to tell them the due date promptly and with certainty.

The long response time also affects Community Telephone's ability to advise its customers about feature availability. When a customer calls Community Telephone and asks whether Community Telephone offers a particular feature, the customer expects an immediate response. However, because Community Telephone is a reseller of NYT

services, information about feature availability must be obtained from NYT. If Community Telephone takes 1 to 2 minutes before it can even tell the customer what features it offers, the customer is likely to question Community Telephone's competence -- and may decide not to retain Community Telephone as its carrier.

Q. What problems with respect to response time has Community Telephone experienced in the handling of service orders by NYT?

A. Whenever Community Telephone sends NYT a service order, the order is assigned to a NYNEX representative. The order then must wait in queue with other orders that may be outstanding before it is submitted by the representative on NYT's system. On the average, this process takes between 2 and 24 hours.

Q. Does NYT experience this delay in its retail operations?

No. Based on my work at NYNEX, orders for NYT retail customers experience virtually no delay. When a customer calls NYT, the customer service representative submits order into the system immediately. No human intervention is required. That is why NYT's waiting period of 2 to 24 hours for handling of a reseller's service order is so unreasonable and detrimental to competition.

Q. How has the delay in entry of the service order into NYT's system affected Community Telephone?

A. As a result of the 2-to-24-hour delay, a Community Telephone customer will have greater difficulty in reserving a due

date for installation or repair than a NYNEX retail customer who places a service order at the same time. When a customer requests service from Community Telephone, Community Telephone can project, on our computer, a series of available dates for the customer from NYT's database. Usually, the customer selects the first available due date. However, a due date is not actually reserved for a Community Telephone customer until Community Telephone submits the order to NYT and NYT has submitted the service order into its system. Because NYT is also assigning due dates for its own retail customers from the same database, due dates can "fill" rapidly. Thus, the due date assigned by Community Telephone to the customer may be filled by the time the NYT sales representative submits the service order. That possibility increases as the time span between submission of the order by Community Telephone and submission of the order into the NYT system by the NYT representative grows longer.

Q. Has NYT's delay in handling orders in fact caused due dates for Community Telephone's customers to be filled by the time ~~NYT enters the service order into its system?~~

A. Yes. In fact, in the majority of cases, by the time the NYT representative enters the service order into the NYT system the first available due date that Community Telephone described to the customer is no longer available. When that happens, and the customer has selected the first available due date, NYT often does not assign the next available date but instead sends a query informing Community Telephone that

it must contact the customer to determine a new due date. When the customer then chooses another first available due date listed on the system, it is more likely than not that the date will, once again, be unavailable by the time the service order is submitted by the NYT representative, and the customer will be required to choose a date yet a third time.¹

In some cases, rather than require Community Telephone to contact the customer, NYT simply proceeds to assign the next available due date when the due date selected by the customer is no longer available by the time the service order is entered by the NYT representative. Even in those circumstances, however, the date assigned by NYT is often inconvenient to the customer, and the appointment must be rescheduled.

For these reasons, Community Telephone has found it necessary to assign customers at least the second or third available due date. Only in this way can there be some assurance that the due date assigned to the customer will be reserved for that customer by the time the service order is entered into the NYT system. The practical effect, however, is that customers of Community Telephone will have their service installed or repaired at a later date than NYT

¹ I understand that NYT has proposed a per-transaction charge which Community Telephone would be required to pay to NYT each time it was required to submit a new due date under the circumstances that I have described.

retail customers who order the same service at the same time.

Q. Has Community Telephone raised the issue of response times with NYT?

A. Yes, but without success. Community Telephone first brought the problem of response times for pre-ordering, ordering, and repair transactions to NYT's attention in January 1997. Since that time, NYT has responded only that it is not required to meet a particular standard, and does not consider the matter to be a priority item.

With respect to the delays in NYT's handling of orders, Community Telephone requested in February 1997 that it be permitted to reserve due dates. NYT denied our request, stating that NYT does not allow such a practice in the retail context. This explanation is unacceptable. The practice is not necessary in the retail context because the NYT sales representative -- unlike resellers -- can access available due dates within a matter of seconds, and reserve a date as soon as the representative submits the order.

Q. How have the problems that Community Telephone has experienced with response times affected its customers?

A. These problems clearly lead to customer dissatisfaction. Customers react unfavorably when Community Telephone cannot provide them immediately with the information they seek, or when Community Telephone tells them -- hours after they have selected a due date -- that the date has already been filled. At least twelve customers have told me that, in

their opinion, Community Telephone's service is not comparable to NYT's -- and the primary reason for their perception is the inability of Community Telephone to respond in a timely way to their requests for information. Moreover, the problems may cause customers to question Community Telephone's ability to provide the service that they requested.

III. MAINTENANCE OF THE EIF PLATFORM

Q. You previously stated that Community Telephone had experienced problems with the "maintenance of the EIF platform." What do you mean by this term?

A. I am referring to the ability of Community Telephone to interact, and to conduct transactions, with NYT via EIF during the hours of operation when the NYT operational support systems are supposed to be accessible to Community Telephone.

Q. What types of problems has Community Telephone experienced in this area?

A. There have been two types of problems. First, NYT has made changes to the EIF specifications without notifying Community Telephone of the effective date of the changes, thereby precluding access to NYT's system. Second, NYT has shut down its system for certain transactions during the hours when the system was supposed to be available.

Q. Would you describe the problems experienced by Community Telephone with respect to modifications to the EIF specifications?

A. After NYT sent Community Telephone the specifications for EIF last summer, Community Telephone designed and built its system according to those specifications. Since that time, there have been two occasions when NYT changed the specifications without prior notice. The first such instance involved MCS (modified change service order) transactions, which Community Telephone needed to answer a query by NYT if a service order was incorrect or incomplete. Without that MCS transaction, the service order could not be processed.

In mid-January 1997, NYT ceased the use of MCS transactions. However, Community Telephone was not notified of this change in advance, even though NYT must have known that a change would be made some time before it was actually implemented.

Q. What was the effect of this change on Community Telephone?

A. As a result of the change, Community Telephone was unable to answer queries from NYT's system when a service order was incorrect or incomplete. This caused our service orders to be delayed by three or four days, or until NYT was willing to accept a response by telephone.

Q. When was the second occasion on which NYT failed to give advance notice of changes in EIF specifications to Community Telephone?

A. Effective March 1, 1997, NYT implemented changes in EIF specifications concerning address verifications, due date availability, and other information that is essential to the

processing of a service order. Again, however, Community Telephone was not notified of these changes before their implementation.

Q. What problems did Community Telephone experience as a result of the lack of notice of the March 1, 1997 changes?

A. On Monday, March 3 -- which was the first regular workday after the changes were implemented -- NYT rejected all of the messages sent by Community Telephone because they were inconsistent with the new specifications. For the next two business days, until NYT sent us the documentation describing the changes, Community Telephone was unable to transmit customer orders and customer requests to NYT.

Q. Did NYT's retail operations also experience problems with respect to notice of changes in EIF specifications?

A. No. NYT's retail operations do not utilize EIF for access into their systems.

Q. You also stated that the NYT system shuts down when it is supposed to be accessible. Please elaborate.

A. NYT has stated that its OSS will be operational and accessible during specific hours on weekdays. However, certain transactions on the NYT system (such as telephone number reservation, address verification, and retrieving a customer service record) are not operational during those hours in approximately one-fourth to one-third of the cases where Community Telephone attempts to initiate a pre-ordering or repair transaction or to submit an order for processing.

Q. Does the shutdown of the NYT system with respect to these transactions have the same effect on NYT's retail operations?

A. Apparently it does not, because the problem appears to be related to Community Telephone's access to the NYT systems, rather than to the systems themselves.

Q. What impact does the shutdown of the NYT system with respect to these transactions have on Community Telephone?

A. It hampers Community Telephone's ability to initiate transactions and submit service orders. For example, a shutdown precludes Community Telephone from accessing the customer's CSR. In cases where service is to be installed, the shutdown renders Community Telephone unable to receive an address verification, number assignment, or due date for a customer.

In the case of repairs, Community Telephone will not be able to receive a commitment date or a trouble ticket number when a shutdown occurs. Instead, Community Telephone must call NYT, determine the ticket number, and manually enter the data into the system. This approach, however, works only when a trouble ticket number has already been assigned by NYT -- and, in approximately 50 percent of the repair cases where this approach was used, no number had been assigned.

The lack of access to data, such as due dates and number assignments makes it more difficult for Community Telephone to compete and serve its customers. One must keep in mind

that, when Community Telephone is attempting to have an order processed, the customer is still on the line. If Community Telephone is unable to tell a new customer its assigned number or schedule a due date while the customer is on the line, the customer may decide to use another carrier. Similarly, if a customer seeking repair service cannot be given a commitment date, that customer may conclude that it should switch back to NYT.

Q. Has Community Telephone raised these problems with NYT?

A. Yes. We first discussed this with NYT in November 1996. NYT has acknowledged since that time that the problems exist and asserts that it is working to eliminate the problem. However, NYT has not indicated when the problems will in fact be corrected.

IV. FEATURE FUNCTIONALITY PROBLEMS WITH NYT'S OSS

Q. Please describe the "feature functionality" problems that Community Telephone has experienced with NYT's OSS.

A. Community Telephone has experienced three types of problems with NYT's OSS which involve feature functionality. First, the NYT system rejects any transaction that lacks a billing telephone number ("BTN"). Second, although Community Telephone receives confirmation from NYT that a service order has been processed, the NYT system does not enable Community Telephone to view the order on its system to check for errors. Third, Community Telephone is unable to change existing service orders without significant human intervention. These problems deny Community Telephone

parity in access to NYT's system and hinder Community Telephone's ability to compete.

A. Rejection of Transactions Without a BTN

Q. With respect to the first problem that you described -- NYT's rejection of transactions lacking a billing telephone number -- what is the difference between a BTN and a working telephone number?

A. Each individual customer line, whether residential or business, is assigned a working telephone number ("WTN"), which refers to a specific line at a particular location. However, regardless of the number of lines a customer may have, that customer is also assigned a single BTN which is used, for billing purposes, as a reference for the entire customer account. If a customer has several lines (and thus several WTNs), its BTN generally is one of the WTNs.

Q. Why is NYT's practice of rejecting transactions without a BTN a problem for Community Telephone?

A. It effectively denies Community Telephone access to a customer's NYT customer service record ("CSR") whenever Community Telephone fails to provide the BTN for that customer. In the NYT system, the customer's BTN must be provided by a reseller in order to access the CSR, even when the reseller is able to provide one or more of the customer's WTNs. In many cases, however, Community Telephone has encountered difficulties in determining the BTN of a particular customer.

Q. Why does Community Telephone need access to the CSR?